

Request for Proposal For Rowan County Government



January 23, 2012

INTENT AND INSTRUCTIONS TO BIDDERS

It is the intent of these specifications and instructions to bidders to solicit proposals from qualified Third-party Administrators (TPA) to assist Rowan County Government in managing its Workers' Compensation Program. These specifications and instructions to bidders will be used to select a TPA.

Please submit two copies of your proposal no later than 12p.m., on Friday, February 17, 2012, to:

Rowan County
Human Resources Department
130 West Innes Street
Salisbury, NC 28144
Attn: Yvonne Moebs, Risk Manager
704-216-8109
Yvonne.moebs@rowancountync.gov

INTRODUCTION

Rowan County – North Carolina, established in 1753, located in the heart of North Carolina's Piedmont, Rowan County is attractively and conveniently nestled between the states' largest city and its Capitol. Home to many of the states historic sites, including the NC Transportation Museum in Spencer and the NC Confederate Civil War Prison in Salisbury.

Rowan County has over 700 full time employees and 300 part time employees. The County is self insured for \$550,000 for all employees with excess coverage purchased beyond these limits.

INSTRUCTIONS

A. Proposals

Proposals will be evaluated according to completeness, content, experience with similar public entities, cost and ability of the TPA and its staff. Award of the business to one TPA does not mean that other proposals lacked merit, but that, all factors considered, the selected proposal will be deemed most advantageous to Rowan County and its employees. The County reserves the right to request additional material to complete its evaluation process.

B. Collusion

By submitting an executed proposal; the signer certifies that this proposal is submitted competitively and without conclusion, that none of the officers, directors, or owners of an unincorporated business entity has been convicted of any violations of the General Statutes, the Securities Act of 1933, or the Securities Exchange Act of 1934.

C. Cost of Proposal Preparation

Any costs incurred by the TPAs in preparing or submitting responses to this proposal request are the sole responsibility of the TPA. Rowan County Government is in no way responsible for the TPA's costs incurred to present an offer.

D. Confidentiality

Any information, data, instruments, documents, studies or reports given to or prepared or assembled for the TPA under this agreement shall be kept confidential and not divulged, made available, sold or used for advertisement to any individual, organization, or company without prior written approval of Rowan County.

E. Addendums

This RFP can only be changed by written addendums. Any oral comments by anyone shall have no effect on these instructions and specifications.

F. Bid Timing

At the designated bid time, no further bids will be received. The bids will be opened and read. A decision regarding award will be made after a thorough review of all proposals. The County requests that proposals be valid for sixty (60) days from the bid closure date to insure an agreement can be reached. This RFP is a request to provide professional services and not subject to the formal bid General Statutes of North Carolina.

G. TPA Compensation

The TPA shall include in their proposal all sources of revenue to be derived from the account, to include, but limited to, a flat administrative charge, minimum annual fee, per claim fee for indemnity, medical and complex medical claims as defined above, claims open over (2) years, annual fee to handle existing claims, PPO fees, peer review fees, and nurse review fees. As the County may award a contract based on the initial offer, a bidder should make its initial offer on the most favorable terms available. The County reserves the right, however, to have discussions with those bidders falling within a competitive range, and to request revised pricing offers from them and to make an award or conduct negotiations thereafter.

H. Rejection of Proposals

The County reserves the right in its sole discretion to reject any or all proposals in whole or part, without incurring any cost or liability whatsoever. All proposals will be reviewed for completeness of submission requirements. If a proposal fails to meet a material requirement of the RFP, or if it is incomplete or contains irregularities, the proposal may be rejected. A deviation is material to the extent that a proposal is not in substantial accord with RFP requirements.

TPA Compensation (Continued)

Immaterial deviations may also cause a bid to be rejected. The County may or may not waive an immaterial deviation or defect in proposal. The County's waiver of an immaterial deviation or defect shall in no way modify the RFP or excuse a bidder from full compliance with the RFP requirements.

Any proposal may be rejected where it is determined not to be competitive or where the cost is not reasonable.

Proposals that contain false or misleading statements may be rejected if in the County's opinion the information was intended to mislead the County regarding a requirement of the RFP.

I. Evaluation of the Highest Scored Bidder

The County reserves the right to determine the suitability of proposals on the basis of a proposal's meeting administrative requirements, technical requirements, the review team's assessment of the quality, performance of the services proposed, and cost.

During the evaluation process, the County may require a bidder's representative to answer questions with regard to the proposal and/or require certain bidders to make a formal presentation to the evaluation team and /or County Risk Management Team.

J. Award and Execution of Contract

The contract for TPA services will be awarded to the TPA bringing the most competitive proposal to the County. However, pricing is a substantial factor but not the only area that will be considered. Quality and variety of services provided will be a significant factor decision making.

No contract or agreement, express or implied, shall exist or be binding on the County before the execution of a written contract by both parties. If agreement on the terms of such a contract cannot be reached after a period deemed reasonable by the County, in its sole discretion, the County may enter into negotiations and sign a contract with another bidder who submitted timely, responsive and responsible proposals to this RFP.

If after the County and TPA agree to terms and execute a contract, that contract is terminated for any reason, the County may, in its sole discretion, either enter into negotiations with the next highest scored bidder, or issue a new RFP and begin the proposal process anew.

Where written notice is required in this RFP, the notice must be sent by U.S. mail and or either facsimile or e-mail.

K. Errors in the RFP

If a bidder discovers any ambiguity, conflict, discrepancy, omission, or other error in the RFP, the bidder should immediately provide the County with written notice of the problem and request that the RFP be clarified or modified. Without disclosing the source of the request, the County

Errors in the RFP (Continued)

may modify the document prior to the date fixed for submission of proposals by issuing an addendum to all potential bidders to whom the RFP was sent.

If prior to the date fixed for submissions, a bidder knows of or should have known of an error in the RFP, but fails to notify the County of the error, the bidder shall bid as its own risk, and if awarded the contract, shall not be entitled to additional compensation or time by reason of the error or its later correction.

L. Questions Regarding the RFP

Questions regarding the RFP may be addressed in writing to Yvonne Moebs, Risk Manager, at Yvonne.moebs@rowancountync.gov. All questions must be submitted no later than seven days prior to the date for submission of proposals. Questions and answers regarding the RFP may be shared with all bidders known to be interested in submitting a proposal.

M. Withdrawal and Resubmission/Modification of Proposals

A proposal may be withdrawn at any time prior to the deadline for submitting proposals by notifying the County in writing of its withdrawal. The notice must be signed by the bidder. The bidder may thereafter submit a new or modified proposal provided that it is received at the County no later than the deadline.

Modification offered in any other manner, oral or written, will not be considered. Proposals cannot be changed after the evaluation process begins.

N. New Releases

News releases pertaining to the award of a contract may not be made without the prior written approval of the County.

O. Disposition of Materials

All materials submitted in response to an RFP will become the property of Rowan County and will be returned only at the County's option and at the expense of the bidder. One copy of each proposal will be retained for official files and become a public record. Specific limited pages of a proposal, not including proposed costs and compensation, may be marked as proprietary and confidential. The bidder's consent will be requested before release of such pages to non-County personnel. By submitting a proposal, a bidder agrees to these terms and waives any right to pursue a cause of action for damages incurred as a result of the release of any information contained in a proposal.

P. Conflict of interest

TPA understands and acknowledges that the County is a political subdivision of the State of North Carolina. The County prohibits any of its officials or employees from accepting any personal gift, favor, or thing of value that may tend to influence that employee in the discharge of duties.

TPA Request for Proposal Questionnaire

A. COMPANY DATA

1. Please provide a brief description and history of your company.
2. What percentage of your business is Workers' Compensation?
3. What percentage of your business is self-insured v. insured?
4. Provide a listing of other "public entity" clients in North Carolina where you serve as the workers' compensation TPA.
5. Provide references from 3 current clients where you serve as the workers' compensation TPA. Include the following:
 - Name of individual contact:
 - Name of company/entity:
 - Nature of business:
 - Mailing address:
 - E-mail address:
 - Phone number;
 - Number of years doing business with the reference:
6. How would your company handle transferring current open claims? What costs would be involved in data transfer and for claims?

B. STAFFING/ADMINISTRATION

1. Identify the service team structure responsible for administering the account.
2. Who will be the liaison with the client regarding contract administration, staff changes, etc?
3. Are there assigned adjusters assigned to Worker's Claims only?
4. What are the claims adjusters' average caseloads for indemnity & medical only claims?
5. What is your firms' annual turnover ratio for claims personnel?
6. Describe your firm's formal training program for claims personnel.

STAFFING/ADMINISTRATION (CONTINUED)

7. Are supervisors responsible for handling claims? If so, what are the average caseloads for supervisors?
8. What is your firm's supervisor to adjuster ratio?
9. Which office(s) will handle our claims?

C. COMMUNICATION

1. State your firm's policy for returning phone calls, and responding to written correspondence (including e-mail) and how compliance is tracked.
2. Describe claim reporting procedures and special handling instructions.
3. Assuming a general settlement authority for Workers' Compensation Claims of \$5,000 (hypothetical) - describe your firm's proposed procedures for obtaining settlement authority on settlements above that authority.
4. Describe your firm's procedure for reporting reserve changes in excess of \$5,000
5. Describe your firm's procedures for denial of claims or appealing an adverse outcome.
6. Describe your firm's recommendations for conducting claims reviews with the client.
7. Describe your company's standard level of interaction and communication, between your claims team and the client, for self-insured accounts.
8. Does your company provide designated adjusters for indemnity and medical only claims?
9. State your firm's procedure for Medicare set-a-side when applicable.
10. At what point does your firm start to communicate with the excess carrier? Explain your involvement with the excess carrier once a claim has reached the deductible limit.
11. What is your firm's buying power with the excess carrier that supports a minimum increase or flat renewal.

D. COST CONTAINMENT

1. Provide a list of medical cost containment services available to the client and the cost for each service.
2. What preferred Provider Organization (PPO) Network(s) do you currently use and are they readily accessible in the Salisbury, Concord NC area? Do you own, or rent, PPO networks?
3. Describe cost containment services for prescription medications.
4. Please provide a statement as to how your firm will ensure complete transparency of fees related to cost containment efforts.
5. Do you charge per line, or per claim, cost containment charges and to whom are those fees paid? Please provide details of the specific fees related to cost containment including retention of fees by the claims administrator.
6. Please describe any cost sharing and contingent fee arrangements between your firm and any cost containment or PPO organizations whether performed by a separate company, or wholly owned or partially owned by your firm.
7. Provide a sample medical cost saving report with details of savings and charges related thereto.
8. Describe your firm's methodology for paying medical bills including the maximum time allowed for payment of medical bills and how your firm ensures compliance with that methodology.
9. Describe how the PPO fee is calculated. Use an example of the amount billed, fee schedule amount, and final amount after application of the PPO Network.
10. Does your firm employ telephonic and or nurse case managers. If so is the service included with your fee? If not what case management providers do you contract with?

E. CLAIM INVESTIGATION

1. Explain your firm's procedures for establishing contact with the injured workers and client.
2. Describe your firm's use of the index bureau and any other similar resources.

CLAIM INVESTIGATION (CONTINUED)

3. Describe the criteria for taking recorded statements from injured workers. At what point in the claims process are recorded statements taken?
4. Describe your fraud control procedures.
5. Describe your claim triage process, and how you determine the required level of investigation.
6. Describe the requirements of adjusters to maintain a claims diary.
7. Do supervisors have the ability to access and to add to that diary? If so how often are the adjuster's diary's reviewed?
8. Describe your firm's employee performance management system.

F. LITIGATION MANAGEMENT

1. Describe your litigation management strategies including assignment of defense counsel.
2. Describe your firm's procedures for maintaining current information in case law or changes in laws and regulation.
3. Describe the procedures when, how, and by whom a decision is made to contact legal counsel.
4. Describe your process for handling subrogation claims and how often is follow-up conducted.

G. INFORMATION SYSTEM AND REPORTING

1. Provide a description and sample of your current claims information system.
2. How long has this system been in place?
3. When was the last major software update to the system?
4. Do you anticipate any major software updates in the coming 36 months?

INFORMATION SYSTEM AND REPORTING (CONTINUED)

5. Do your clients have access to the system, including adjuster's notes, payments, etc? Is the information available in "real time"? Is the access included in your fee?
6. Do your clients have the availability to run monthly loss run reports? Please provide a sample loss run report, status report, and case summary report.
7. How long do you retain detailed claim information in your system?
8. Describe your data back-up procedures and disaster recovery plans.
9. Is on-line claim reporting available?
10. Describe your after hours claim reporting procedures for an escalating or fatality claim.

H. RISK CONTROL

1. Describe your risk control capabilities.
2. Describe your ability to identify loss trends and to recommend actions to mitigate or eliminate those trends.
3. Does your firm provide risk control services? If so is the service included in your fee?
4. Do you offer a library/online access to safety training materials?

I. PROPOSED PRICING

Fees for claims services and other administration are proposed as follows. Any fees that you are aware of that are not mentioned below need to be presented.

1. Indemnity (Lost – Time Claims)

\$ _____ per claim for life of contract

\$ _____ per claim for claims taken over from current provider

\$ _____ Total Annual Cost

2. Medical Only

\$ _____ per claim for life of contract

\$ _____ per claim for claims taken over from current provider

\$ _____ Total Annual Cost

PROPOSED PRICING (CONTINUED)

3. **Complex Medical Fee** (recorded statement followed up with a denial)

\$ _____ per claim for life of contract

4. **Flat Fee (minimum fee)**

5. **An itemization of any expenses other than claim service fees listed above must be included.** This includes medical bill review for fee schedule compliance, bill review, PPO savings, any other cost containment programs, data transfer fees, risk control, nurse case management, etc.

